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NEW ENGLAND AVERAGE ANNUAL PAY INCREASES 5.4 PERCENT IN 1998

The average annual pay of New England's workers covered by state and federal unemployment insurance (UI) programs was \$35,962 in 1998, a 5.4 percent increase over the previous year, according to Denis M. McSweeney, Regional Commissioner for the U.S. Department of Labor's Bureau of Labor Statistics. McSweeney noted that New England's average pay growth outpaced the nation's (5.1 percent) for the fourth consecutive year and was virtually the same as the region's 1997 pay increase of 5.5 percent.

Annual pay data are compiled from reports submitted by employers under UI programs covering 124.2 million full- and part-time workers. Average annual pay is computed by dividing total annual payrolls of employees covered under the UI programs by the average monthly employment of these employees. (See Technical Note.) Thus, pay differences between states and changes over time may reflect the varying composition of employment by occupation, industry, and hours worked, as well as other factors.

Of the six New England states, Massachusetts experienced the largest increase in pay at 5.8 percent in 1998, ranking it eighth among the 50 states. New Hampshire's pay increase, at 5.6 percent, tied Delaware for the ninth in the nation. Pay gains in Rhode Island (5.2 percent) and Connecticut (5.1 percent) were close to or matched the national increase of 5.1 percent. Pay gains in Vermont and Maine lagged behind their regional counterparts at 4.4 and 3.9 percent, respectively.

Among the 50 states, Connecticut recorded the highest pay level at \$40,915, followed by New York at \$40,678, and Massachusetts at \$37,787. Data for New Jersey, which recorded the third highest pay level last year, are not yet available for the third and fourth quarters of 1998, and could not be included. McSweeney noted that Connecticut posted the highest pay level among all states for the second consecutive year; it also held this position from 1992 to 1995. Pay levels for the remaining four New England states - New Hampshire (\$30,943), Rhode Island (\$30,148), Vermont (\$26,615), and Maine (\$25,875) - were all below the national average of \$31,908 for 1998.

Within the private sector, average annual pay in New England grew by 5.8 percent in 1998, although growth varied widely by industry. Regionally, as well as nationally, finance, insurance, and real estate posted the largest percentage increase for 1998, 8.3 percent for both New England and the nation. The next largest private sector gain in the region was 6.1 percent in wholesale trade, followed by gains of 6.0 percent in transportation, communications, and public utilities, 5.9 percent in retail trade, and 5.6 percent in mining. Services registered a 5.3 percent increase in pay, while manufacturing posted the lowest gain in the private sector at 4.8 percent. Government pay grew at a 2.8 percent rate, or approximately half as fast as the rate for the private sector. Among New England states, government posted its largest gain in Rhode Island, at 4.4 percent, and its smallest in Maine, at 1.9 percent.

Pay levels in the region also varied widely by industry. In the private sector, finance, insurance, and real estate had the highest average annual pay at \$58,626, followed by wholesale trade, at \$49,603, and manufacturing, at \$45,683. Transportation, communications, and public utilities was next at \$40,512, followed by mining, at \$40,227, construction, at \$38,450, and services, at \$33,728. Workers in retail trade, many of whom work part time, had the lowest pay level with an average of \$18,095. This is the same regional industry ranking as published for 1997.

In commenting on these data, McSweeney pointed out that the rate of pay growth among the six New England states was about unchanged from 1997 after having accelerated over the previous four years. It was also the fourth consecutive year in which the region's pay gains outpaced inflation.

Table 1. State average annual pay for 1997 and 1998 and percent change in pay for all covered workers¹ -- New England Region

State	Average annual pay		Percent change in pay ³
	1997	1998 ²	
UNITED STATES.....	\$ 30,353	\$ 31,908	5.1
NEW ENGLAND REGION.....	34,133	35,962	5.4
Connecticut.....	38,941	40,915	5.1
Maine.....	24,899	25,875	3.9
Massachusetts.....	35,716	37,787	5.8
New Hampshire.....	29,296	30,943	5.6
Rhode Island.....	28,662	30,148	5.2
Vermont.....	25,496	26,615	4.4

Table 2. States ranked by 1998 average annual pay, 1997 and 1998 pay levels, and percent change in pay for all covered workers¹ -- New England Region

State	Average annual pay		Percent change in pay ³
	1997	1998 ²	
Connecticut.....	\$ 38,941	\$ 40,915	5.1
Massachusetts.....	35,716	37,787	5.8
NEW ENGLAND REGION.....	34,133	35,962	5.4
UNITED STATES.....	30,353	31,908	5.1
New Hampshire.....	29,296	30,943	5.6
Rhode Island.....	28,662	30,148	5.2
Vermont.....	25,496	26,615	4.4
Maine.....	24,899	25,875	3.9

Table 3. States ranked by 1997 to 1998 growth in average annual pay, 1997 and 1998 pay levels, and percent change in pay for all covered workers¹ -- New England Region

State	Average annual pay		Percent change in pay ³
	1997	1998 ²	
Massachusetts.....	\$ 35,716	\$ 37,787	5.8
New Hampshire.....	29,296	30,943	5.6
NEW ENGLAND REGION.....	34,133	35,962	5.4
Rhode Island.....	28,662	30,148	5.2
UNITED STATES.....	30,353	31,908	5.1
Connecticut.....	38,941	40,915	5.1
Vermont.....	25,496	26,615	4.4
Maine.....	24,899	25,875	3.9

¹Includes workers covered by Unemployment Insurance (UI) and Unemployment Compensation for Federal Employees (UCFE) programs.

²Data are preliminary.

³Percent changes were computed from unrounded average annual pay data and may differ from those computed using data rounded to the nearest dollar.

**Table 4. State and industry average annual pay for 1997 and 1998 and percent change in pay for all covered workers¹ --
New England Region**

State and industry	Average annual pay		Percent change in pay ³
	1997	1998 ²	
United States			
Private ⁴			
Total.....	\$ 30,064	\$ 31,722	5.5
Mining.....	49,998	52,021	4.0
Construction.....	31,744	33,346	5.0
Manufacturing.....	38,306	40,040	4.5
Transportation, communications, and public utilities.....	37,658	39,301	4.4
Wholesale trade.....	39,449	41,759	5.9
Retail trade.....	15,878	16,794	5.8
Finance, insurance, and real estate.....	44,884	48,597	8.3
Services.....	28,466	30,011	5.4
Government.....	31,916	32,931	3.2
New England Region			
Private ⁴			
Total.....	34,044	36,003	5.8
Mining.....	38,085	40,227	5.6
Construction.....	36,565	38,450	5.2
Manufacturing.....	43,597	45,683	4.8
Transportation, communications, and public utilities.....	38,220	40,512	6.0
Wholesale trade.....	46,756	49,603	6.1
Retail trade.....	17,090	18,095	5.9
Finance, insurance, and real estate.....	54,131	58,626	8.3
Services.....	32,020	33,728	5.3
Government.....	34,720	35,688	2.8
Connecticut			
Private ⁴			
Total.....	39,012	41,086	5.3
Mining.....	49,546	51,577	4.1
Construction.....	39,950	41,139	3.0
Manufacturing.....	50,784	53,320	5.0
Transportation, communications, and public utilities.....	42,990	46,894	9.1
Wholesale trade.....	53,819	55,970	4.0
Retail trade.....	18,499	19,497	5.4
Finance, insurance, and real estate.....	65,290	69,910	7.1
Services.....	34,004	35,438	4.2
Government.....	38,439	39,698	3.3
Maine			
Private ⁴			
Total.....	24,383	25,448	4.4
Mining.....	22,630	21,859	-3.4
Construction.....	27,075	28,577	5.5
Manufacturing.....	32,305	33,226	2.9
Transportation, communications, and public utilities.....	30,262	31,849	5.2
Wholesale trade.....	31,749	32,821	3.4
Retail trade.....	14,728	15,598	5.9
Finance, insurance, and real estate.....	34,384	37,158	8.1
Services.....	22,873	23,830	4.2
Government.....	27,552	28,089	1.9

See footnotes at end of table.

Table 4. State and industry average annual pay for 1997 and 1998 and percent change in pay for all covered workers¹ -- New England Region -- Continued

State and industry	Average annual pay		Percent change in pay ³
	1997	1998 ²	
Massachusetts			
Private ⁴			
Total.....	\$ 35,668	\$ 37,902	6.3
Mining.....	38,419	41,217	7.3
Construction.....	39,556	41,863	5.8
Manufacturing.....	45,296	47,603	5.1
Transportation, communications, and public utilities.....	38,447	40,214	4.6
Wholesale trade.....	48,100	51,845	7.8
Retail trade.....	17,516	18,580	6.1
Finance, insurance, and real estate.....	55,001	59,989	9.1
Services.....	34,517	36,600	6.0
Government.....	36,050	36,998	2.6
New Hampshire			
Private ⁴			
Total.....	29,338	31,141	6.1
Mining.....	34,149	36,197	6.0
Construction.....	32,467	35,071	8.0
Manufacturing.....	38,815	40,478	4.3
Transportation, communications, and public utilities.....	35,500	37,068	4.4
Wholesale trade.....	44,577	47,092	5.6
Retail trade.....	16,457	17,540	6.6
Finance, insurance, and real estate.....	38,709	42,346	9.4
Services.....	27,073	28,809	6.4
Government.....	29,008	29,587	2.0
Rhode Island			
Private ⁴			
Total.....	27,482	28,977	5.4
Mining.....	31,680	32,587	2.9
Construction.....	33,050	34,925	5.7
Manufacturing.....	33,362	34,676	3.9
Transportation, communications, and public utilities.....	33,695	35,211	4.5
Wholesale trade.....	37,688	39,483	4.8
Retail trade.....	15,445	16,391	6.1
Finance, insurance, and real estate.....	37,961	41,790	10.1
Services.....	26,654	27,917	4.7
Government.....	36,062	37,633	4.4

See footnotes at end of table.

**Table 4. State and industry average annual pay for 1997 and 1998 and percent change in pay for all covered workers¹ --
New England Region -- Continued**

State and industry	Average annual pay		Percent change in pay ³
	1997	1998 ²	
Vermont			
Private ⁴			
Total.....	\$ 25,012	\$ 26,202	4.8
Mining.....	30,123	31,551	4.7
Construction.....	26,379	27,880	5.7
Manufacturing.....	34,526	35,925	4.1
Transportation, communications, and public utilities.....	31,610	33,890	7.2
Wholesale trade.....	31,656	32,998	4.2
Retail trade.....	14,539	15,189	4.5
Finance, insurance, and real estate.....	33,834	35,852	6.0
Services.....	23,125	24,175	4.5
Government.....	28,053	28,828	2.8

¹ Includes workers covered by Unemployment Insurance (UI) and Unemployment Compensation for Federal Employees (UCFE) programs.

² Data are preliminary.

³ Percent changes were computed from unrounded average annual pay data and may differ from those computed using data rounded to the nearest dollar.

⁴ Includes data for industries in addition to those shown separately.

Technical Note

These data are the product of a federal-state cooperative program in which State Employment Security Agencies (SESAs) prepare summaries of employment and total pay of workers covered by Unemployment Insurance legislation. The summaries are a by-product of the administration of state unemployment (UI) programs that require most employers to pay quarterly taxes based on the employment and wages of workers covered by UI. Data for 1998 are preliminary and subject to revision. Effective with third quarter 1997 processing, employment and wage totals were generated using new systems in each of the states and at the Bureau of Labor Statistics. This transition to new systems resulted in larger differences between preliminary and final 1997 levels.

Coverage

Employment and wage data for workers by state UI laws and for federal civilian workers covered by the Unemployment Compensation for Federal Employees (UCFE) program are compiled from quarterly contribution reports submitted to the SESAs by employers. In addition to the quarterly contribution reports, employers who operate multiple establishments within a state completed a questionnaire, called the "Multiple Worksite Report", which provides detailed information on the location and industry of each of their establishments. Average annual pay data included in this release are derived from microdata summaries of nearly 7.7 million employer reports of employment and wages submitted by states to the Bureau of Labor Statistics. These reports are based on place of employment rather than place of residence.

UI and UCFE coverage are broad and basically comparable from state to state. In 1998, UI and UCFE programs covered workers in 124.2 million jobs. The estimated 119 million workers in these jobs (after adjustment for multiple job holders) represented 98.4 percent of wage and salary civilian employment. Multiple job holder estimates are produced by the Current Population Survey (CPS). Covered workers received \$3.961 trillion in pay, representing 95.5 percent of the wage and salary component of personal income and 46.5 percent of the gross domestic product.

Major exclusions from UI coverage during 1998 included most agricultural workers on small farms, all members of the Armed Forces, elected officials in most states, most employees of railroads, some domestic workers, most student workers at schools, and employees of certain small nonprofit organizations.

Concepts and methodology

Average annual pay is computed by dividing total annual pay of employees covered by UI programs by the average monthly number of these employees. Included in the annual payroll data are bonuses, the cash value of meals and lodging when supplied, tips and other gratuities, and in some states, employer contributions to certain deferred compensation plans such as 401(k) plans and stock options. Monthly employment is based on the number of workers who worked during or received pay for the pay period including the 12th of the month. With few exceptions, all employees of covered firms are reported, including production and sales workers, corporation officials, executives, supervisory personnel, and clerical workers. Workers on paid vacations and part-time workers are also included. Percent changes in average annual pay for 1998 were computed using final 1997 data as a base. These final 1997 data may differ from the preliminary 1997 data previously published.

Average annual pay is affected by the ratio of full-time to part-time workers as well as the number of individuals in high-paying and low-paying occupations. When comparing average annual pay levels between industries and/or states, these factors should be taken into consideration. Annual pay data only approximate annual earnings because an individual may not be employed by the same employer all year or may work for more than one employer. Year-to-year changes in average annual pay can result from a change in the proportion of employment in high- and low-wage jobs, as well as from changes in the level of average annual pay.

In order to insure the highest possible quality of data, State Employment Security Agencies verify with employers and update, if necessary, the industry, location, and ownership classification of all establishments on a 3-year cycle. Changes in establishment classification codes resulting from the verification process are introduced with the data reported for the first quarter of the year. Changes resulting from improved employer reporting also are introduced in the first quarter. For these reasons, some data, especially at more detailed industry levels, may not be strictly comparable with earlier years. In 1997, effective with first quarter data, improved Department of Defense civilian employment and wages were centrally collected from a new data source.

Data in table 4 are presented separately for the private sector and for government. Government data include federal, state, and local establishments.

A few covered employers provided insufficient information on the nature of their businesses to assign a specific SIC classification and therefore could not be classified by industry division. The wages for these nonclassifiable establishments, along with data for the agricultural division, are not shown separately, but are included in the averages for state and national totals.

Additional statistics and other information

BLS issues three other regular reports which provide data from state UI and UCFE programs. A comprehensive bulletin, *Employment and Wages* features information by detailed industry on establishments, employment, and wages for the nation and all states. *Employment and Wages Annual Averages, 1998* is now available for sale from the BLS Publications Sales Center, P.O. Box 2145, Chicago, Illinois 60690. The news releases for 1998 employment and average annual pay for large counties and for average annual pay for the nation's metropolitan areas are also available.